

VZCZCXYZ0027
PP RUEHWEB

DE RUEHSJ #0727/01 0941459
ZNR UUUUU ZZH
P 041459Z APR 06
FM AMEMBASSY SAN JOSE
TO RUEHC/SECSTATE WASHDC PRIORITY 4658
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY

UNCLAS SAN JOSE 000727

SIPDIS

SENSITIVE
SIPDIS

DEPARTMENT FOR WHA/CEN JASON MACK

E.O. 12958: N/A
TAGS: [PGOV](#) [CS](#)
SUBJECT: PAC REITERATES FRIENDSHIP, BUT REMAINS STEADFAST
IN OPPOSITION TO CAFTA

REF: A. SAN JOSE 569
[1](#)B. SAN JOSE 707

SUMMARY

[1](#)1. On March 24, Ambassador Langdale hosted a breakfast for the newly elected legislative deputies from the Citizens' Action Party (PAC) at the residence. Conversation was dominated by the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), with all of the deputies-elect sticking to party founder Otton Solis's anti-CAFTA-DR talking points. Though it is unlikely any of the attendees were convinced during our meeting to vote in favor of CAFTA-DR ratification, they at least showed a welcome eagerness to establish a working relationship with the Embassy. End Summary.

NEW KIDS ON THE BLOCK

[1](#)2. Started in 2000 by Otton Solis, the PAC is a relatively immature, yet potent political movement in Costa Rica. In 2002, just two years after starting the party, Solis shocked the political establishment with a strong showing in the presidential election and an even more impressive 14 deputies in the Legislative Assembly. In the 2006 general elections, Solis capitalized on popular discontent with the traditional parties and married it with a nationalistic anti-CAFTA-DR argument. Using this anti-establishment, yet anti-modernization message, Solis nearly won the presidency, and the PAC won 17 seats in the Legislative Assembly, second only to Arias's National Liberation Party (PLN), which won 25 seats. While the PAC's elevation to second-largest party in the Legislative Assembly marks a watershed in Costa Rican politics, its actual increase in membership over its 2002-2006 contingent was modest.

[1](#)3. Of the four major parties to win seats in the 2006-2010 legislature, the PAC is the only one opposed to CAFTA-DR. Opposition to the trade accord was a major pillar in the PAC's 2006 platform. Opinion surveys have repeatedly shown that roughly one-third of Costa Ricans are opposed to CAFTA-DR ratification, a number closely mirrored in the legislative election results. Given that a majority of Costa Ricans are in favor of adopting CAFTA-DR, PAC's leaders have been careful to state that they are in favor of free trade, but think Costa Rica could get a more favorable deal if CAFTA-DR were renegotiated, either bilaterally or multilaterally.

¶4. After the disastrous 2002-2006 legislative term, during which six of the PAC's 14 deputies defected from the faction, Solis took no chances with his new team of candidates. As part of the selection process, each potential candidate was required to take a written exam, the results of which were used to determine the composition and order of the party's candidates. While the content and results of the exam have been closely guarded, most observers agree (and our breakfast tended to bear out) that the resulting faction is unfailingly loyal to Otton Solis.

¶5. In her response to Ambassador Langdale's welcoming remarks, faction chief Elizabeth Fonseca emphasized that, despite her party's opposition to CAFTA-DR, the PAC counted itself among the USG's closest friends. Fonseca emphasized that PAC does not intend to employ obstructionist tactics to derail its ratification by the legislature, but would mount a "reasonable opposition" to the treaty.

¶6. As expected, CAFTA-DR dominated the conversation. Despite repeated assurances by President-elect Arias, USTR Portman, and many other trade experts that CAFTA-DR cannot be renegotiated, most of the gathered deputies parroted Solis's message that Costa Rica would be better served opting out of the agreement and negotiating a new, bilateral agreement with the U.S., a la Panama. Several expressed their convictions that Costa Rica would be just fine if it opted out of the agreement and leveraged its supposed natural advantages in climate, education and tourism to guarantee continued economic success. Most of them agreed, however, that unless Costa Rica greatly improves its crumbling infrastructure, the country will rapidly lose its competitive advantages over its

Central American neighbors.

COMMENT

¶7. Perhaps because of Solis's skill at selecting his candidates, the assembled deputies-elect exhibited remarkable party unity, and will be unlikely to break ranks or deviate from Solis's agenda. And while several Embassy officers believe that our pro-CAFTA-DR arguments were at least somewhat persuasive, it is doubtful that any votes were changed during the course of our breakfast. We plan to work on strengthening the relationships initiated during the meeting. While this may not result in pro-CAFTA-DR votes by any PAC deputies, we may at least temper their opposition to the agreement.

LANGDALE